

31 July 2014  
Vilnius

## CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

Hereby we confirm, that by our knowledge Consolidated Financial Statements for the six months 2014 prepared in accordance with International Financial Reporting Standards are true and fairly present assets, liabilities, financial position, profit or loss and cash flow of APB Apranga, as well as of Apranga Group consolidated companies.

As well we confirm that by our knowledge Consolidated Report for the six months 2014 includes a fair review of the development and performance of the business of APB Apranga and Apranga Group.

Apranga Group General Manager  
Rimantas Perveneckas

Apranga Group Chief Financial Officer  
Saulius Bačauskas

# APRANGA

GROUP

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APRANGA APB

The Consolidated Interim Report and  
Interim Consolidated Financial Statements

For the Six months period ended 30 June 2014

(UNAUDITED)

31 July 2014  
Vilnius

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

**INFORMATION ABOUT COMPANY**

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Name of the company	Apranga APB
Legal form	Public limited liability company
Date of registration	1 <sup>st</sup> March 1993
Code of company	121933274
Share capital	LTL 55 291 960
Registered office	Kirtimu 51, LT-02244 Vilnius, Lithuania
Name of Register of Legal Entities	Registru centras VI, Vilnius branch
Telephone number	+370 5 239 08 08
Fax number	+370 5 239 08 00
E-mail	<a href="mailto:info@apranga.lt">info@apranga.lt</a>
Internet address	<a href="http://www.apranga.lt">http://www.apranga.lt</a>
Main activities	Retail trade of apparel
Auditor	PricewaterhouseCoopers UAB

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

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## INTERIM CONSOLIDATED REPORT

### General information

Interim consolidated report is prepared for the period January – June 2014.

Name of the Issuer: APB Apranga  
Legal form: public limited liability company  
Date and place of registration: 1993 03 01 Board of Vilnius City  
Code of Enterprise: 121933274  
Registered office: Kirtimu str. 51, Vilnius, LT-02244, Lithuania  
Telephone number: +370 5 2390808  
Fax number: +370 5 2390800  
E-mail address: [info@apranga.lt](mailto:info@apranga.lt)  
Internet address: [www.apranga.lt](http://www.apranga.lt)

At 30 June 2014 Apranga Group (hereinafter the Group) consisted of the parent company APB Apranga (hereinafter the Company) and its wholly owned subsidiaries listed below. The principal activity of the Company and its subsidiaries is retail trade of apparel.

Title	Legal form	Date and place of registration	Code of Enterprise	Registered office	Telephone, fax, e-mail, www
UAB Apranga LT	Private limited liability company	27 04 2004 State enterprise Centre of Registers of the Republic of Lithuania	300021271	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
UAB Apranga BPB LT	Private limited liability company	29 11 2005 State enterprise Centre of Registers of the Republic of Lithuania	300509648	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
UAB Apranga PLT	Private limited liability company	21 03 2007 State enterprise Centre of Registers of the Republic of Lithuania	300551572	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
UAB Apranga SLT	Private limited liability company	14 01 2008 State enterprise Centre of Registers of the Republic of Lithuania	301519684	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
UAB Apranga MLT	Private limited liability company	13 05 2011 State enterprise Centre of Registers of the Republic of Lithuania	302627022	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA Apranga	Private limited liability company	20 11 2002 Enterprise Register of the Republic of Latvia	40003610082	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA Apranga LV	Private limited liability company	30 03 2004 Enterprise Register of the Republic of Latvia	40003672631	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA Apranga BPB LV	Private limited liability company	10 01 2008 Enterprise Register of the Republic of Latvia	40003887840	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA Apranga PLV	Private limited liability company	10 01 2008 Enterprise Register of the Republic of Latvia	40003887747	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA „Apranga SLV	Private limited liability company	2008 11 19 Enterprise Register of the Republic of Latvia	50103201281	Terbatas 30, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA „Apranga MLV	Private limited liability company	2011 11 30 Enterprise Register of the Republic of Latvia	40103486301	Terbatas 30, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>

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Title	Legal form	Date and place of registration	Code of Enterprise	Registered office	Telephone, fax, e-mail, www
OÜ Apranga <sup>1</sup>	Private limited liability company	19 07 2006 Tallinn City Court Register department	11274427	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga Estonia	Private limited liability company	12 04 2004 Tallinn City Court Register department	11026132	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga BEE	Private limited liability company	04 09 2007 Tallinn City Court Register department	11419148	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga PB Trade	Private limited liability company	2008 08 21 Tallinn City Court Register department	11530250	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga ST Retail	Private limited liability company	2008 08 21 Tallinn City Court Register department	11530037	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga MDE	Private limited liability company	2014 02 21 Tallinn City Court Register department	12617929	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>

<sup>1</sup> The Company directly owns 33.33% shares and indirectly through its subsidiary owns the rest 66.67% of shares.

The ultimate parent company whose financial statements are available for public use is UAB Konzernas MG Baltic. The ultimate controlling individual of the Group is Mr. D. J. Mockus.

### Operating highlights

The retail turnover (including VAT) of Apranga Group reached LTL 278.8 million in 1<sup>st</sup> half 2014 or by 10.6% more than in 1<sup>st</sup> half 2013. The highest growth rates were recorded in Latvia (21.3%), the lowest – in Lithuania (5.5%).

According to EUROSTAT data, the retail trade (except of motor vehicles and motorcycles) in Baltic States during the 6 months 2014 grew quite rapidly in all three countries – at 4-7% level. The average annual (i.e. of the last 12 months) retail trade growth rates were slightly lower than in the first half a year, and ranged from 4% to 5% (+5% in Lithuania, +4% in Latvia, +5% in Estonia).

The retail turnover of the Group's stores in first half of 2014 by countries was as follows (LTL thousand, VAT included):

Country	6 months 2014	6 months 2013	Change
Lithuania	169 783	160 990	5,5%
Latvia	72 656	59 877	21,3%
Estonia	36 332	31 203	16,4%
<b>Total:</b>	<b>278 771</b>	<b>252 070</b>	<b>10,6%</b>

The retail turnover of the Group's stores by countries during the second quarter of 2014 was (LTL thousand, VAT included):

Country	Q2 2014	Q2 2013	Change
Lithuania	87 401	84 235	3,8%
Latvia	37 827	32 768	15,4%
Estonia	20 637	16 762	23,1%
<b>Total:</b>	<b>145 865</b>	<b>133 765</b>	<b>9,0%</b>

The highest growth rates in the second quarter of 2014 were recorded in Estonia (23.1%). High rate of growth in Estonia was mostly influenced by the relatively high number of stores opened (opened 4 new stores) in the second quarter 2014.

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The retail turnover of the Group's stores by chains in first half of 2014 was as follows (LTL thousand, VAT included):

<b>Chain</b>	<b>6 months 2014</b>	<b>6 months 2013</b>	<b>Change</b>
Economy	27 578	24 182	14,0%
Youth	94 297	85 085	10,8%
Business	44 077	34 939	26,2%
Luxury	37 023	30 468	21,5%
Zara	65 344	67 387	-3,0%
Outlets	10 452	10 009	4,4%
<b>Total</b>	<b>278 771</b>	<b>252 070</b>	<b>10,6%</b>

In 1st half 2014, the fastest grew Business and Luxury chains (respectively, 26.2% and 21.5%). This was largely due to rising consumption in these segments, and new stores openings (Burberry, Tommy Hilfiger, Weekend MaxMara, Armani Jeans, City, Massimo Dutti). Also, high turnover growth rates experienced Economy and Youth chains (11-14%).

During the six months 2014 the Group opened 13, reconstructed 4, and closed 4 stores. The capital expenditure of the retail chain expansion amounted to LTL 15.8 million (see Note 3 "Investments into non-current assets"). Investments (acquisitions) by segments are disclosed in Note 2 ("Segment information"). The Group is not engaged in activities related to research and experimental development, except to the extent of process improvement. Group uses the latest technology and the latest technology processes that meet environmental standards and help reduce the negative impact on the environment.

The number of stores by countries was as follows:

<b>Country</b>	<b>30 06 2014</b>	<b>30 06 2013</b>	<b>Change</b>
Lithuania	96	92	4,3%
Latvia	43	37	16,2%
Estonia	18	12	50,0%
<b>Total:</b>	<b>157</b>	<b>141</b>	<b>11,3%</b>

The number of stores by chains was as follows:

<b>Chain</b>	<b>30 06 2014</b>	<b>30 06 2013</b>	<b>Change</b>
Economy	12	12	0,0%
Youth	80	73	9,6%
Business	23	20	15,0%
Luxury	25	19	31,6%
Zara	10	10	0,0%
Outlets	7	7	0,0%
<b>Total</b>	<b>157</b>	<b>141</b>	<b>11,3%</b>

The total *sales area* operated by the Group has increased by 5.9% or by 3.9 thousand sq. m. during the year period until 30 June 2014.

The total area of stores by countries was as follows (thousand sq. m):

<b>Country</b>	<b>30 06 2014</b>	<b>30 06 2013</b>	<b>Change</b>
Lithuania	43,7	43,0	1,7%
Latvia	20,3	18,7	8,7%
Estonia	7,5	5,9	27,3%
<b>Total:</b>	<b>71,5</b>	<b>67,6</b>	<b>5,9%</b>

The Group has earned LTL 16.8 million of *profit before income tax* in six months 2014, while profit before taxes amounted to LTL 16.0 million during six months of 2013 (the increase by 4.7%). In second quarter the profit before income tax decreased from LTL 10.6 million in 2013 to LTL 9.7 million in 2014.

*EBITDA* of the Group was LTL 26.2 million during six months 2014, and it was LTL 25.1 million in corresponding previous year period. EBITDA margin has decreased from 12.4% to 11.8% during the year. The current ratio of the Group improved to the level of 1.6 times.

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<b>Main Group Indicators</b>	<b>6 months 2014</b>	<b>6 months 2013</b>	<b>6 months 2012</b>
Net sales, LTL thousand	221 515	201 919	180 264
Net sales in foreign markets, LTL thousand	86 075	74 025	65 937
Like-to-like sales, %	3,0%	3,0%	18,6%
Gross profit, LTL thousand	103 125	93 105	83 163
Gross margin, %	46,6%	46,1%	46,1%
Operating profit, LTL thousand	16 872	16 072	14 990
Operating profit margin, %	7,6%	8,0%	8,3%
EBT, LTL thousand	16 778	16 031	14 955
EBT margin, %	7,6%	7,9%	8,3%
Profit (loss) for the period, LTL thousand	14 035	13 440	12 342
Profit (loss) for the period margin, %	6,3%	6,7%	6,8%
EBITDA, LTL thousand	26 230	25 129	23 521
EBITDA margin, %	11,8%	12,4%	13,0%
Return on equity (end of the period), %	10,5%	11,0%	10,7%
Return on assets (end of the period), %	6,6%	7,1%	7,6%
Net debt to equity*, %	16,8%	4,7%	-2,7%
Current ratio, times	1,6	1,7	2,0

\* (Interest bearing liabilities less cash) / Equity

<b>Main Group Indicators</b>	<b>Q2 2014</b>	<b>Q2 2013</b>	<b>Q2 2012</b>
Net sales, LTL thousand	115 835	107 319	94 429
Net sales in foreign markets, LTL thousand	46 155	40 356	35 362
Like-to-like sales, %	1,0%	4,8%	18,0%
Gross profit, LTL thousand	56 481	52 558	45 889
Gross margin, %	48,8%	49,0%	48,6%
Operating profit, LTL thousand	9 770	10 599	9 637
Operating profit margin, %	8,4%	9,9%	10,2%
EBT, LTL thousand	9 700	10 570	9 618
EBT margin, %	8,4%	9,8%	10,2%
Profit (loss) for the period, LTL thousand	8 089	8 897	8 001
Profit (loss) for the period margin, %	7,0%	8,3%	8,5%
EBITDA, LTL thousand	14 512	15 187	13 847
EBITDA margin, %	12,5%	14,2%	14,7%
Return on equity (end of the period), %	6,1%	7,3%	7,0%
Return on assets (end of the period), %	3,8%	4,7%	4,9%
Net debt to equity*, %	16,8%	4,7%	-2,7%
Current ratio, times	1,6	1,7	2,0

\* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled LTL 86.3 million during 6 months 2014 and increased by 12.0%, comparing to the same period 2013. The *finance costs* of the Group were LTL 94 thousand in 6 months 2014 (about 0.1% of the total costs of the Group). Total finance debts of the Group increased from LTL 12.0 million at 30 June 2013 to LTL 26.3 million at 30 June 2014, mainly due to the need to finance an increased working capital and also to the fact that the Company paid relatively high dividends (72.5% of profit) of LTL 27.6 million in May 2014.

<b>Main Group Indicators</b>	<b>6 months 2014</b>	<b>6 months 2013</b>	<b>Change</b>
Net sales, LTL thousand	221 515	201 919	9,7%
Net sales in foreign markets, LTL thousand	86 075	74 025	16,3%
Gross profit, LTL thousand	103 125	93 105	10,8%
Operating expenses	(86 253)	(77 033)	12,0%
Operating profit, LTL thousand	16 872	16 072	5,0%
EBT, LTL thousand	16 778	16 031	4,7%
Profit (loss) for the period, LTL thousand	14 035	13 440	4,4%
EBITDA, LTL thousand	26 230	25 129	4,4%

The Group's level of inventories during the year grew by 19.6% (the increase from LTL 75.9 million to LTL 90.9 million). Company's inventories grew by 25.6%. The growth of inventories was driven by new stores openings.



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The number of employees at 30 June 2014 and the average monthly salary by categories in 1<sup>st</sup> half 2014 were as follows:

Employee category	Number of employees		Average monthly salary, LTL	
	Group	Company	Group	Company
Administration	147	99	5 364	6 320
Stores' personnel	1 650	605	1 747	1 843
Logistics	53	53	2 161	2 161
<b>Total</b>	<b>1 850</b>	<b>757</b>	<b>2 273</b>	<b>2 443</b>

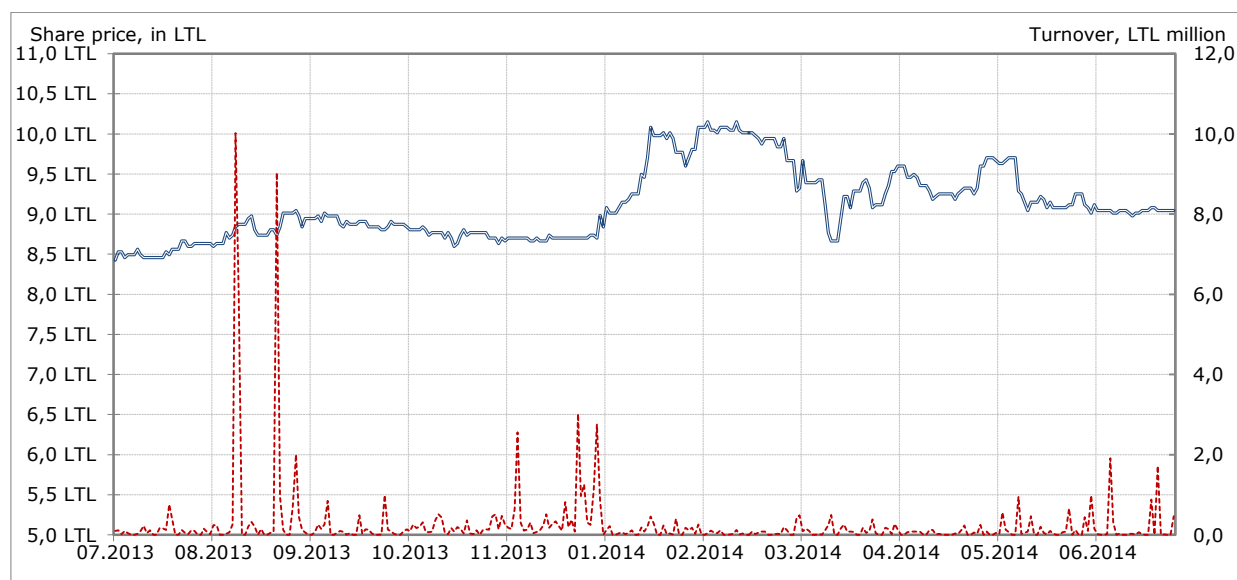
The number of employees during the year till 30 June 2014 in the Group has increased by 186 to 1850 (+11.2%), and has increased in Company by 23 to 757 (+3.1%). During the second quarter 2014 the number of employees increased by 124 (+7.2%) in the Group, and by 23 (+3.1%) in the Company. Staff growth is mainly due to the opening of new stores.

Education of employees by categories on 30 June 2014 was as follows:

Education level	Group	Company
High	485	259
Professional	241	113
Secondary	259	82
Basic	22	11
Student	843	292
<b>Total:</b>	<b>1 850</b>	<b>757</b>

The price of the Company share during 6 months 2014 increased from LTL 8.98 per share to LTL 9.05 per share (+1%). The maximum share price during the six months period was LTL 10.15 per share, minimum share price - LTL 8.49 per share. The market capitalization of the Company increased from LTL 496 million at the beginning of the year to LTL 500 million at the end of June 2014. The weighted average price of 1 share during the reporting period was LTL 9.29. Company's share turnover was LTL 21.0 million during 6 months 2014. The share price during the last 12 months increased from LTL 8.39 to LTL 9.05 per share, or by 8%.

Apranga APB share price during 12 months period from 1<sup>st</sup> July 2013 to 30<sup>th</sup> June 2014:



### Operational plans

Group plans to reach LTL 628 million retail chain turnover (including VAT) in 2014 or by 7.5% more, than actual the year 2013 turnover (LTL 584 million).

Group plans to open or reconstruct 25-30 stores during 2014. The investments are planned to amount to about LTL 22-25 million.

## **Risk management**

### Financial risk factors

The risk management function within the Group is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational and legal risks.

The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables, bonds and borrowings. The accounting policy with respect to these financial instruments is the same as it was in 2013.

### Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with high credit ratings are accepted. Sales to wholesale customers are rare and immaterial; therefore risk control only assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to retail customers are settled in cash or using major credit cards.

Company's credit risk arising from trade receivables from subsidiaries and loans to subsidiaries is managed by controlling financial performance of subsidiaries on a monthly basis.

The Company and the Group has no significant concentration of credit risk.

### Liquidity risk

Liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these; and maintaining debt financing plans.

### Market risk

#### *Cash flow and fair value interest rate risk*

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. The Company has loans to subsidiaries with floating interest rates, but the cash flow risk is mitigated by applying the same variable element of interest rate on those loans as the banks are charging the Company.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk, but this is not included in sensitivity analysis as the change in interest rates has no impact on profit or equity of the Group.

The Company's and Group's borrowings consist of loans with floating interest rate, which is related to VILIBOR. The Company and the Group did not use any derivative financial instruments in order to control the risk of interest rate changes.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, management considers the impact on post-tax profit of a 0.5% shift in interest rates to be not material to the financial statements of the Group and the Company.

#### *Foreign exchange risk*

The Company and the Group has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency. At the moment the Company and the Group doesn't use any derivative financial instruments in order to control foreign currencies exchange risk.

The Group operates in Lithuania, Latvia and Estonia and accordingly has three functional currencies that all are pegged with EUR (Estonia since 1<sup>st</sup> January 2011 has adopted the euro; Latvia – since 1<sup>st</sup> January 2014) and do not fluctuate significantly. Therefore neither the Group, nor the Company is exposed to any significant foreign exchange risk.

#### *Price risk*

The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

#### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Pursuant to the Lithuanian Law on Companies the authorized share capital of a public limited liability company must be not less than LTL 150 thousand and of a private limited liability company must be not less than LTL 10 thousand. In addition, for all entities the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 30 June 2014, the Company and all its Lithuanian subsidiaries complied with these requirements.

Pursuant to the Latvian Commercial Law the authorized share capital of a private limited liability company must be not less than EUR 2 800. In addition, the losses of the company should not exceed 50 per cent of the company's share capital. As at 30 June 2014, all the Company's Latvian subsidiaries complied with these requirements.

Pursuant to the Estonian Commercial Code the authorized share capital of a private limited liability company must be not less than EUR 2 500. In addition, the shareholders' equity should not be lower than 50 per cent of the company's share capital. As at 30 June 2014, all the Company's Estonian subsidiaries complied with these requirements.

In addition, the Group has to comply with the financial covenants imposed in the agreements with SEB bankas AB and Nordea Bank AB. The Group and the Company was in compliance with the covenants as at 30 June 2014.

#### **Securities**

All 55 291 960 ordinary shares of nominal value LTL 1 each (ISIN code LT0000102337) that comprise Company's share capital are listed on Official list of NASDAQ OMX Vilnius Stock Exchange.

All Company's shares give equal rights to shareholders.

Each owner of the ordinary registered share has the following property rights:

- 1) To receive part of the company's profit (dividend);
- 2) To receive a part of the assets of the company in liquidation;
- 3) To receive shares without payment if the share capital is increased out of the company's funds, except the cases specified in the Law on Companies.
- 4) To have the pre-emption right to acquire the shares or convertible debenture issued by the company, except in cases when General Shareholder's Meeting pursuant to Law on Companies decides to withdraw the pre-emption right in acquiring the company's issued shares for all shareholders;
- 5) As provided by laws to lend to the company, however the company borrowing from its shareholders has no right to mortgage or pledge its assets to shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his/her place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders are prohibited from negotiating a higher interest rate;
- 6) To receive Company's funds in event the share capital is decreased on purpose to pay Company's funds to shareholders;

7) Shareholders have other property rights provided by laws of the Republic of Lithuania.

Each owner of the ordinary registered share has the following non-property rights:

- 1) To attend and vote in General Shareholder's Meetings. One ordinary registered share grants to its owner one vote at the General Shareholders' Meeting. The right to vote at the General Shareholder's Meeting may be withdrawn or restricted in cases established by laws of the Republic of Lithuania, also in cases when share ownership is contested;
- 2) To receive information on the company as provided by Law on Companies;
- 3) To file a claim to the court requesting compensation of damage to company resulting from non-performance or improper performance of the duties of the Manager of the Company or members of the Board of the company which duties have been prescribed by law and these Articles of Association of the company as well as in other cases as may be prescribed by law;
- 4) Other non-property rights prescribed by law.

On 30 June 2014 the Company had 2 966 shareholders. Company's shareholders that control over 5% votes in General Shareholder Meeting were as follows:

<b>Shareholder</b>	<b>Enterprise code</b>	<b>Address</b>	<b>Number of shares</b>	<b>% of total ownership</b>
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	29 677 397	53,7%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	6 556 949	11,9%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 405 756	9,8%

The Company has concluded the contract with Swedbank AB on securities account management and the contract for the payment of dividends.

General Shareholders' Meeting has a right to amend the Articles of Association under the qualified majority of votes, which may not be less than 2/3 of all votes the shareholders attending at the Meeting, except for the exceptions specified by Law on Companies.

### **Corporate governance**

The management bodies of the Company are as follows: General Shareholders' Meeting, a collegial management body – Board, and a single-person management body – Manager of the Company.

Competence of General Shareholders' Meeting is the same as specified by the Law on Companies.

The Board, consisting of six members, is elected by General Shareholders' Meeting for a 4 year term. Company's Board members election and revocation procedure is the same as specified by Law on Companies.

Company's Board activity is conducted by chairman of the Board. The Board elects its chairman from among its members.

The Board continues in office for the period established in the Articles of Association or until a new Board is elected and assumes the office but not longer than until the annual General Shareholders' Meeting during the final year of its term of office.

Board of Company considers and approves:

- 1) The activity strategy of the Company;
- 2) The annual report of the Company;
- 3) The management structure of the Company and the positions of the employees;
- 4) The positions to which employees are recruited by competition;
- 5) Regulations of branches and representative offices of the Company.

The Board adopts the following resolutions:

- 1) Resolutions for the Company to become an incorporator or a member of other legal entities;
- 2) Resolutions to establish branches and representative offices of the Company;
- 3) Resolutions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction);
- 4) Resolutions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions);
- 5) Resolutions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company;
- 6) Resolutions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company;
- 7) Resolutions to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
- 8) Resolutions regarding issuance of debenture of the Company (except issuance of convertible debenture);

- 9) Other resolutions within the competence of the Board as prescribed by the Articles of Association or the resolutions of the General Shareholders' Meeting.

The Board analyses and assesses the documents submitted by the Manager of the Company on:

- 1) The implementation of the activity strategy of the Company;
- 2) The organization of the activities of the Company;
- 3) Financial standing of the Company;
- 4) The results of economic activities, income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

The Board elects and removes from office the Manager of the Company, fixes his/her remuneration and sets other terms of the employment agreement, approves his/her job description, provides incentives and imposes penalties.

The Board analyses and assesses the Company's draft annual financial statement and draft of profit/loss distribution and submits them to the General Shareholders' Meeting together with the annual report of the Company.

The Board is responsible for convening and arrangement of the General Shareholders' Meeting in due time.

Each member of the Board is entitled to initiate convening of the Board meeting. The Board may adopt resolutions and its meeting shall be deemed to have taken place when the meeting is attended by more than 2/3 of the members of the Board. The resolution of the Board is adopted if more votes for it are received than the votes against it. In the event of a tie, the Chairman of the Board shall have the casting vote. The member of the Board is not entitled to vote when the meeting of the Board discusses the issue related to his/her activities on the Board or the issue of his/her responsibility.

The Manager of the Company – General Director - is a single-person management body of the Company. The Manager of the Company acts at his/her own discretion in relation of the Company with other persons.

The Manager of the Company is elected and removed from office by the Board which also fixes his/her salary, approves his/her job description, provides incentives and imposes penalties. The employment agreement is concluded with the Manager of the Company and is signed on behalf of the Company by the Chairman of the Board or other person authorized by the Board.

In his/her activities the Manager of the Company complies with laws and other legal acts, Articles of Association, General Shareholders' Meeting resolutions, Board resolutions, his/her job descriptions.

The Manager of the Company acts on behalf of the Company and is entitled to enter into the transactions at his/her own discretion. The Manager of the Company may conclude the following transactions provided that there is a decision of the Board to enter into these transactions: to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction); to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions); to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company; to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company.

The Manager of the Company is responsible for:

- 1) The organization of the Company's activity and implementation of its objectives;
- 2) The drawing up of the annual financial statements and the drafting of the annual report of the Company;
- 3) Concluding an agreement with the firm of auditors;
- 4) Submission of information and documents to the General Shareholders' Meeting and the Board in cases prescribed by Law on Companies or at their request;
- 5) Submission of the documents and data of the Company to manager of the Register of Legal Entities;
- 6) Submission of documents to the Securities Commission and Lithuanian Central Securities Depository;
- 7) Public announcement of information prescribed by Law on Companies in a daily newspaper indicated in Articles of Association;
- 8) Submission of information to shareholders;
- 9) The performance of other duties prescribed by laws as well as in the Articles of Association and the job descriptions of the Manager of the Company.

The Manager of the Company organizes daily activities of the Company, hires and dismisses employees, concludes and terminates employment contracts with them, provides incentives and imposes penalties.

The Manager of the Company is responsible for preparation of the draft share subscription agreement and its data correctness.

The Manager of the Company issues authorizations and procurations within the scope of its competence.

The Manager of the Company is accountable and regularly reports to the Board on the implementation of Company's activity strategy, the organization of the Company's activity, the financial standing of the Company, the results of economic activity, the income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

## Board of the Company

On 29 April 2014 the Annual General Meeting of Company shareholders elected Company's members of the Board for new 4-year term. 28<sup>th</sup> April 2018 is the end term of all Company's members of the Board.



**Darius Mockus**  
Chairman of the Board

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Darius Mockus (born in 1965) - Chairman of the Board since 2 May 2002 (member of the Board since 23 March 1995). Education: Vilnius University, Faculty of Economics, Industrial Planning. He has no Company shares. With related companies Minvista UAB (Code of Enterprise: 110685692; Registered office: Jasinskio 16, Vilnius), MG Baltic Investment UAB (Code of Enterprise: 123249022; Registered office: Jasinskio 16B, Vilnius) and family members he has 35 089 019 shares, representing 63.46% of the share capital and votes.

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**Rimantas Perveneckas**  
Member of the Board, General Director

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Rimantas Perveneckas (born in 1960) - APB Apranga group General Director, Member of Board of APB Apranga since 23 February 1993, in the Company since 1983. Education: Vilnius University, Faculty of Trade, specialization in Trade Economics. He has 800 770 shares of the Company, representing 1.45% of the share capital and votes.

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**Ilona Šimkūnienė**  
Member of the Board, Purchasing Director

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Ilona Šimkūnienė (born in 1963) - Apranga group Purchasing Director, Member of Board of APB Apranga since 27 March 1998, in the Company since 1985. Education: Vilnius University, Faculty of Trade, specialization in Trade Economics. She has no Company shares.

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**Vidas Lazickas**  
Member of the Board

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Vidas Lazickas (born in 1965) - Member of Board of APB Apranga since 29 April 2011. Education: Vilnius University, Faculty of Economics, specialization in Production Management and Organization. He has no Company shares. With related parties he has 4 397 shares of the Company, representing 0.01% of the share capital and votes.

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**Marijus Strončikas**  
Member of the Board

Marijus Strončikas (born in 1974) - Member of Board of APB Apranga since 30 April 2010. Education: Kaunas Technical University, Faculty of Informatics, master of IT Science. He has 4 450 shares of the Company, representing 0.01% of the share capital and votes.

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**Ramūnas Gaidamavičius**  
Member of the Board, Development Director

Ramūnas Gaidamavičius (born in 1968) - APB Apranga group Development Director, Member of Board of APB Apranga since 30 April 2010, in the Company since 2002. Education: Vilniaus University of Technology, Faculty of Mechanics, specialization in Machine Building. He has 5 000 shares of the Company, representing 0.01% of the share capital and votes.

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#### **Related party transactions**

The Company's transactions with related parties are disclosed in Note 6 to interim consolidated and Company's financial statements.

#### **Compliance with the Governance Code**

During six months 2014, there were no essential changes related to APB "Apranga" report for year 2013 concerning the compliance with the Governance Code for the companies listed on the regulated market.

#### **Publicly announced information**

During the period from the start of 2014 to 30<sup>th</sup> June 2014 Company publicly announced and broadcasted through NASDAQ OMX stock exchange information distribution system GlobeNewswire and own webpage the following information:

<b>Title</b>	<b>Category of announcement</b>	<b>Lang- uage</b>	<b>Date</b>
Turnover of Apranga Group in December 2013 and total year 2013	Investor News	En, Lt	2014-01-02
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2014-01-02
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-01-02
Notification on APB Apranga manager's transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-01-02
Turnover of Apranga Group in January 2014	Investor News	En, Lt	2014-02-03
Establishment of subsidiary of Apranga APB in Estonia	Notification on material event	En, Lt	2014-02-18
Apranga Group opened the first Burberry store in Lithuania	Press release	En, Lt	2014-02-24
Apranga Group interim information for the twelve months of 2013	Interim information	En, Lt	2014-02-28
Turnover of Apranga Group in February 2014	Investor News	En, Lt	2014-03-03
Apranga Group expands luxury segment chain	Press release	En, Lt	2014-03-21
Turnover of Apranga Group in March 2014 and 1st quarter 2014	Investor News	En, Lt	2014-04-01
Notice of the Annual General Meeting of APB "APRANGA" shareholders	Notification on material event	En, Lt	2014-04-04

**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**INTERIM CONSOLIDATED REPORT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**  
(all tabular amounts are in LTL thousands unless otherwise stated)

Draft resolutions of the Annual General Meeting of APB APRANGA shareholders to be held on April 29th, 2014	Notification on material event	En, Lt	2014-04-04
Apranga Group opens the first AJJArmani Jeans store in the Baltic States	Press release	En, Lt	2014-04-24
Resolutions of the Annual General Meeting of Apranga APB shareholders	Notification on material event	En, Lt	2014-04-29
Apranga APB annual information 2013	Annual information	En, Lt	2014-04-29
Apranga Group interim report for three months of 2014	Interim information	En, Lt	2014-04-30
Turnover of Apranga Group in April 2014	Investor News	En, Lt	2014-05-02
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-05-09
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-05-13
Apranga Group opens the first Massimo Dutti store in Estonia	Press release	En, Lt	2014-05-15
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-05-20
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-05-22
Turnover of Apranga Group in May 2014	Investor News	En, Lt	2014-06-02
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-02
CORRECTION: Resolutions of the Annual General Meeting of Apranga APB shareholders	Notification on material event	En	2014-06-02
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-05
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-05
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-11
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-16
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-25
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-25
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-25
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-27
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2014-06-30

Contents of above mentioned announcements can be obtained on Vilnius Stock Exchange webpage <http://www.nasdaqomxbaltic.com/market/?pg=details&instrument=LT0000102337&list=2&tab=news&lang=en> and on Company's webpage [http://www.apranga.lt/investuotojams/index.php/site\\_structure/news/95](http://www.apranga.lt/investuotojams/index.php/site_structure/news/95).



**STATEMENT OF COMPREHENSIVE INCOME**

	Note	Group		Company	
		6 months 2014	6 months 2013	6 months 2014	6 months 2013
Revenue	2	221 515	201 919	96 553	85 850
Cost of sales		(118 390)	(108 814)	(59 674)	(52 027)
<b>Gross profit</b>		<b>103 125</b>	<b>93 105</b>	<b>36 879</b>	<b>33 823</b>
Operating expenses		(87 263)	(78 094)	(38 315)	(34 700)
Other income		974	1 109	30 186	33 122
Net foreign exchange gain (loss)		36	( 48)	1	( 46)
<b>Operating profit (loss)</b>		<b>16 872</b>	<b>16 072</b>	<b>28 751</b>	<b>32 199</b>
Finance costs	5	( 94)	( 41)	( 127)	( 87)
<b>Profit (loss) before income tax</b>		<b>16 778</b>	<b>16 031</b>	<b>28 624</b>	<b>32 112</b>
Income tax expense		(2 743)	(2 591)	( 699)	( 707)
<b>Profit (loss) for the year</b>	2	<b>14 035</b>	<b>13 440</b>	<b>27 925</b>	<b>31 405</b>
<b>Other comprehensive income</b>					
<b>Items that may be subsequently reclassified to profit or loss:</b>					
Currency translation difference		( 67)	( 164)	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>13 968</b>	<b>13 276</b>	<b>27 925</b>	<b>31 405</b>
<b>Basic and diluted earnings (losses) per share (in LTL)</b>		<b>0,25</b>	<b>0,24</b>	<b>0,51</b>	<b>0,57</b>

	Note	Group		Company	
		Q2 2014	Q2 2013	Q2 2014	Q2 2013
Revenue	2	115 835	107 319	45 431	42 418
Cost of sales		(59 354)	(54 761)	(25 136)	(22 528)
<b>Gross profit</b>		<b>56 481</b>	<b>52 558</b>	<b>20 295</b>	<b>19 890</b>
General and administrative expenses		(47 289)	(42 695)	(21 482)	(19 521)
Other income		580	727	27 492	30 671
Net foreign exchange gain (loss)		( 2)	9	( 5)	8
<b>Operating profit (loss)</b>		<b>9 770</b>	<b>10 599</b>	<b>26 300</b>	<b>31 048</b>
Finance costs	5	( 70)	( 29)	( 85)	( 47)
<b>Profit (loss) before income tax</b>		<b>9 700</b>	<b>10 570</b>	<b>26 215</b>	<b>31 001</b>
Income tax expense		(1 611)	(1 673)	( 439)	( 645)
<b>Profit (loss) for the year</b>	2	<b>8 089</b>	<b>8 897</b>	<b>25 776</b>	<b>30 356</b>
<b>Other comprehensive income</b>					
<b>Items that may be subsequently reclassified to profit or loss:</b>					
Currency translation difference		( 2)	( 7)	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>8 087</b>	<b>8 890</b>	<b>25 776</b>	<b>30 356</b>
<b>Basic and diluted earnings (losses) per share (in LTL)</b>		<b>0,15</b>	<b>0,16</b>	<b>0,47</b>	<b>0,55</b>

## BALANCE SHEET

	Note	Group		Company	
		30 06 2014	31 12 2013	30 06 2014	31 12 2013
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	87 072	80 852	53 508	51 363
Intangible assets	3	1 846	1 507	598	238
Investments in subsidiaries	4	-	-	16 110	16 101
Prepayments		1 011	1 201	268	296
Trade and other receivables		104	104	104	104
		<b>90 033</b>	<b>83 664</b>	<b>70 588</b>	<b>68 102</b>
<b>Current assets</b>					
Inventories		90 867	88 652	55 640	48 573
Available for sale financial assets		16 361	16 271	16 361	16 271
Non-current assets held for sale		1 118	1 118	1 118	1 118
Prepayments		7 901	3 010	5 633	2 665
Trade and other receivables		2 781	2 799	29 582	27 533
Cash and cash equivalents		3 922	8 275	806	1 293
		<b>122 950</b>	<b>120 125</b>	<b>109 140</b>	<b>97 453</b>
<b>TOTAL ASSETS</b>	<b>2</b>	<b>212 983</b>	<b>203 789</b>	<b>179 728</b>	<b>165 555</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Ordinary shares		55 292	55 292	55 292	55 292
Legal reserve		5 529	5 529	5 529	5 529
Translation difference		( 256)	( 188)	-	-
Retained earnings	8	72 916	86 526	57 967	57 688
		<b>133 481</b>	<b>147 159</b>	<b>118 788</b>	<b>118 509</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		2 619	3 364	998	1 044
Other liabilities		588	503	588	503
		<b>3 207</b>	<b>3 867</b>	<b>1 586</b>	<b>1 547</b>
<b>Current liabilities</b>					
Borrowings	5	26 310	4 994	39 338	23 624
Current income tax liability		3 359	2 830	770	1 586
Trade and other payables		46 626	44 939	19 246	20 289
		76 295	52 763	59 354	45 499
<b>Total liabilities</b>		<b>79 502</b>	<b>56 630</b>	<b>60 940</b>	<b>47 046</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>212 983</b>	<b>203 789</b>	<b>179 728</b>	<b>165 555</b>

## STATEMENTS OF CHANGES IN EQUITY

GROUP	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
<b>Balance at 1 January 2013</b>		<b>55 292</b>	<b>4 612</b>	<b>( 45)</b>	<b>79 748</b>	<b>139 607</b>
<b>Comprehensive income</b>						
Profit for the 6 months 2013	2				13 440	13 440
<b>Other comprehensive income</b>						
Currency translation difference		-	-	( 140)	( 24)	( 164)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>( 140)</b>	<b>13 416</b>	<b>13 276</b>
<b>Transactions with owners</b>						
Transfer to legal reserve		-	917	-	( 917)	-
Dividends paid		-	-	-	(30 411)	(30 411)
<b>Balance at 30 June 2013</b>		<b>55 292</b>	<b>5 529</b>	<b>( 185)</b>	<b>61 836</b>	<b>122 472</b>
<b>Balance at 1 January 2014</b>		<b>55 292</b>	<b>5 529</b>	<b>( 188)</b>	<b>86 526</b>	<b>147 159</b>
<b>Comprehensive income</b>						
Profit for the 6 months 2014	2	-	-	-	14 035	14 035
<b>Other comprehensive income</b>						
Currency translation difference		-	-	( 68)	1	( 67)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>( 68)</b>	<b>14 036</b>	<b>13 968</b>
<b>Transactions with owners</b>						
Dividends paid	8	-	-	-	(27 646)	(27 646)
<b>Balance at 30 June 2014</b>		<b>55 292</b>	<b>5 529</b>	<b>( 256)</b>	<b>72 916</b>	<b>133 481</b>

COMPANY		Share capital	Legal reserve	Retained earnings	Total
<b>Balance at 1 January 2013</b>		<b>55 292</b>	<b>4 612</b>	<b>51 217</b>	<b>111 121</b>
<b>Comprehensive income</b>					
Profit for the 6 months 2013		-	-	31 405	31 405
<b>Transactions with owners</b>					
Transfer to legal reserve		-	917	( 917)	-
Dividends paid		-	-	(30 411)	(30 411)
<b>Balance at 30 June 2013</b>		<b>55 292</b>	<b>5 529</b>	<b>51 294</b>	<b>112 115</b>
<b>Balance at 1 January 2014</b>		<b>55 292</b>	<b>5 529</b>	<b>57 688</b>	<b>118 509</b>
<b>Comprehensive income</b>					
Profit for the 6 months 2014			-	27 925	27 925
<b>Transactions with owners</b>					
Dividends paid	8			(27 646)	(27 646)
<b>Balance at 30 June 2014</b>		<b>55 292</b>	<b>5 529</b>	<b>57 967</b>	<b>118 788</b>

## STATEMENTS OF CASH FLOW

	Note	Group		Company	
		6 months 2014	6 months 2013	6 months 2014	6 months 2013
<b>OPERATING ACTIVITIES</b>					
Profit (loss) before income taxes	2	16 778	16 031	28 624	32 112
Adjustments for:					
Depreciation and amortization		9 358	9 057	4 422	4 080
Impairment charge		( 34)	( 9)	( 34)	( 9)
Change in allowances for slow-moving inventories		845	138	619	537
Gain on disposal of property, plant and equipment		( 23)	7	( 23)	7
Write-off of property, plant and equipment		( 18)	132	( 19)	131
Dividends income		-	-	(24 180)	(27 532)
Interest expenses, net of interest income		( 213)	( 325)	( 230)	( 293)
		<b>26 693</b>	<b>25 031</b>	<b>9 179</b>	<b>9 033</b>
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		(3 060)	( 847)	(7 686)	(3 996)
Decrease (increase) in receivables		(4 683)	(2 033)	(2 229)	(1 712)
Unrealized foreign exchange loss (gain)		( 67)	( 164)	-	-
Increase (decrease) in payables		1 771	(4 039)	( 945)	(3 486)
<b>Cash generated from operations</b>		<b>20 654</b>	<b>17 948</b>	<b>(1 681)</b>	<b>( 161)</b>
Income taxes paid		(2 959)	(1 742)	(1 575)	( 11)
Interest paid	5	( 94)	( 41)	( 127)	( 87)
<b>Net cash from operating activities</b>		<b>17 601</b>	<b>16 165</b>	<b>(3 383)</b>	<b>( 259)</b>
<b>INVESTING ACTIVITIES</b>					
Interest received		307	332	357	346
Dividends received		-	-	24 180	27 532
Loans granted		(16 000)	(45 500)	(35 882)	(63 779)
Loans repayments received		16 000	53 500	33 122	67 780
Purchases of property, plant and equipment and intangible assets	3	(16 901)	(9 520)	(7 896)	(2 934)
Proceeds on disposal of property, plant and equipment	3	1 059	783	1 045	17
Purchases of available-for-sale financial assets		( 90)	(5 744)	( 90)	(5 744)
Proceeds on disposal of available-for-sale financial assets		-	5 567	-	5 567
<b>Investment in subsidiaries</b>	4	-	-	<b>( 9)</b>	-
<b>Net cash used in investing activities</b>		<b>(15 625)</b>	<b>( 582)</b>	<b>14 827</b>	<b>28 785</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	8	(27 645)	(30 157)	(27 645)	(30 157)
Proceeds from borrowings		68 321	10 500	124 807	65 396
Repayments of borrowings		(44 321)	(1 000)	(106 409)	(67 671)
<b>Net cash from financing activities</b>		<b>(3 645)</b>	<b>(20 657)</b>	<b>(9 247)</b>	<b>(32 432)</b>
<b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b>		<b>(1 669)</b>	<b>(5 074)</b>	<b>2 197</b>	<b>(3 906)</b>
<b>CASH AND BANK OVERDRAFTS:</b>					
<b>AT THE BEGINNING OF THE PERIOD</b>		<b>3 281</b>	<b>8 804</b>	<b>(3 701)</b>	<b>1 999</b>

## NOTES

### 1. Basis of preparation and summary of main accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The principle accounting policies applied in the preparation of Interim financial statements are the same to those applied in preparation of the Annual financial statements.

The applicable rates used for the balance sheet preparation were as follows:

Currency		30 06 2014	31 12 2013	30 06 2013
1 EUR	=	3.4528 LTL	3.4528 LTL	3.4528 LTL
1 LVL	=	-	4.9184 LTL	4.9185 LTL

### 2. Segment information

Management has determined the operating segments based on the reports reviewed by the General Director and other 6 Directors (responsible for managing, sales and marketing, human resources, purchases, development and finance) that are used to make strategic decisions.

All financial information, including the measure of profit and total assets, is analyzed on a country basis.

The segment information provided to the Directors for the reportable segments for the first half 2014 is as follows:

6 months 2014	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	151 373	59 715	29 429	240 517	-	
Inter-segment revenue	(15 933)	(2 194)	( 875)	(19 002)	-	
<b>Revenue from external customers</b>	<b>135 440</b>	<b>57 521</b>	<b>28 554</b>	<b>221 515</b>	-	<b>221 515</b>
<b>Gross margin</b>	<b>45,1%</b>	<b>49,0%</b>	<b>48,3%</b>	<b>46,6%</b>		<b>46,6%</b>
<b>Profit (loss) for the year</b>	<b>8 269</b>	<b>3 775</b>	<b>1 991</b>	<b>14 035</b>	-	<b>14 035</b>
Total assets	190 270	40 958	22 810	254 038	(41 055)	212 983
Additions to non-current assets (other than financial instruments and prepayments for leases)	9 462	4 755	2 684	16 901	(1 059)	15 842
6 months 2013	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	139 800	50 473	26 268	216 541	-	
Inter-segment revenue	(11 906)	(1 996)	( 720)	(14 622)	-	
<b>Revenue from external customers</b>	<b>127 894</b>	<b>48 477</b>	<b>25 548</b>	<b>201 919</b>	-	<b>201 919</b>
<b>Gross margin</b>	<b>45,3%</b>	<b>47,6%</b>	<b>47,1%</b>	<b>46,1%</b>		<b>46,1%</b>
<b>Profit (loss) for the year</b>	<b>8 635</b>	<b>2 629</b>	<b>2 176</b>	<b>13 440</b>	-	<b>13 440</b>
Total assets	170 910	36 785	16 390	224 085	(35 362)	188 723
Additions to non-current assets (other than financial instruments and prepayments for leases)	5 740	3 451	329	9 520	( 783)	8 737

### 3. Investments into non-current assets

Net investments of the Group amounted to LTL 15.8 million in first half 2014 (LTL 7.7 million in 2<sup>nd</sup> quarter 2014). The Company totally invested LTL 6.9 million in first half 2014. Daughter companies' investments into development of the retail network amounted to LTL 8.9 million.

### 4. Investments into subsidiaries

In February 2014, the Company established a subsidiary OU Apranga MDE, which operates Massimo Dutti stores in Estonia. The share capital of the subsidiary is EUR 2 500 (equivalent to LTL 8.6 thousand). All shares have been fully paid in cash. The Company controls 100% of the subsidiary's capital and voting rights.

### 5. Borrowings

In November 2013, the Company and SEB bank have signed the amendment to agreement which modified the previous contract on the credit line. According to it, the credit line of LTL 60 000 thousand in order to finance the working capital, issuing guarantees and opening letters of credit, was extended. The credit line now will expire on 30 November 2014. The interests are paid for the amount used and the interest rate is calculated as 1-month VILIBOR plus margin. There is fixed interest rate set for amount used for the issuance of guarantees and letters of credit.

In June 2014, the Company and NORDEA bank have signed the amendment to the overdraft facility and general agreement on bank's guarantees. Under this amendment, the Group granted credit line extended until 30 June 2016. For the drawdown amount of LTL portion of the credit line a floating interest rate calculated as the 1-week VILIBOR plus margin is being paid, and for the drawdown amount of EUR portion of the credit line a floating interest rate calculated as the EONIA plus margin is being paid. There is fixed interest rate set for amount used for the issuance of guarantees.

### 6. Related party transactions

The Company's and the Group's transactions with related parties and balances arising from these transactions as of 30 June 2014 were as follows:

	<b>Accounts receivable and loans granted</b>							
	<b>Accounts payable</b>		<b>Income received</b>		<b>Purchases</b>			
	<b>6 months 2014</b>	<b>6 months 2013</b>	<b>6 months 2014</b>	<b>6 months 2013</b>	<b>6 months 2014</b>	<b>6 months 2013</b>	<b>6 months 2014</b>	<b>6 months 2013</b>
<b>Related parties</b>								
UAB Koncernas MG Baltic	43	41	-	-	-	-	209	224
UAB Minvista	-	-	-	-	2	17	-	-
UAB Mineraliniai vandenys	2	-	-	-	-	-	20	10
UAB MG Baltic Investment	50	50	-	2	-	-	296	295
UAB MG Valda	17	19	-	-	-	-	83	84
UAB Palangos Varūna	-	-	611	573	-	-	-	-
LNK Group	-	2	12	14	-	18	-	31
<b>Total</b>	<b>112</b>	<b>112</b>	<b>623</b>	<b>589</b>	<b>2</b>	<b>35</b>	<b>608</b>	<b>644</b>

Prevailing types of *related party contracts* are rent, management service fee, advertising, centralised services (telecommunications, utilities and etc.).

Prevailing types of *intra-group transactions* are centralised supplies of goods for resale, management service fees, centralised purchasing of services (telecommunications, IT, utilities and etc.), financing, and distribution of earnings. Dividend income in amount of LTL 24 180 thousand received from the subsidiaries in six months 2014 is presented in 'Income received' together with other income (2013: LTL 27 532 thousand).

**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**NOTES TO INTERIM CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**  
(all tabular amounts are in LTL thousands unless otherwise stated)

The Company's transactions with subsidiaries and balances arising from these transactions as of 30 June 2014 were as follows:

Subsidiaries	Borrowings and accounts payable		Loans and accounts receivable		Income received		Purchases	
	6 months 2014	6 months 2013	6 months 2014	6 months 2013	6 months 2014	6 months 2013	6 months 2014	6 months 2013
UAB Apranga LT	6 380	7 134	-	178	9 090	9 216	222	137
UAB Apranga BPB LT	23	-	1 054	406	832	1 739	64	71
UAB Apranga PLT	-	-	1 357	271	513	1 805	22	16
UAB Apranga SLT	-	-	596	1 138	416	1 277	49	35
UAB Apranga MLT	-	-	494	1 817	3 899	2 346	12	46
SIA Apranga	-	-	15 063	14 543	11 892	9 592	110	129
SIA Apranga LV	2 515	1 506	33	76	4 933	6 035	86	48
SIA Apranga BPB LV	-	-	84	405	405	687	1	20
SIA Apranga PLV	259	-	15	131	557	999	7	6
SIA Apranga SLV	19	-	-	16	26	21	12	-
SIA Apranga MLV	-	-	193	975	1 948	1 301	52	26
OU Apranga	5	-	7 740	3 223	4 317	2 580	60	102
OU Apranga Estonia	2 231	1 918	14	88	3 817	4 268	75	34
OU Apranga BEE	696	525	-	15	626	525	28	26
OU Apranga PB Trade	618	439	13	15	418	500	18	7
OU Apranga ST Retail	383	345	6	( 57)	270	350	17	8
OU Apranga MDE	-	-	894	-	40	-	-	-
<b>Total</b>	<b>13 129</b>	<b>11 867</b>	<b>27 556</b>	<b>23 240</b>	<b>43 999</b>	<b>43 241</b>	<b>835</b>	<b>711</b>

## 7. Guarantees and letters of credit

As of 30 June 2014 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled LTL 34 891 thousand (31 December 2013: LTL 34 891 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 June 2014 amounted to LTL 42 464 thousand (31 December 2013: LTL 41 281 thousand).

As of 30 June 2014 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled LTL 2 510 thousand (31 December 2013: LTL 2 356 thousand).

## 8. Profit distribution

The Annual shareholders meeting of APB Apranga held on 29 April 2014 has resolved to pay LTL 27 646 thousand in dividends and to pay LTL 750 thousand as annual bonuses for the year 2013.

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